PUBLIC WORKS AND ELECTRICITY SECRETARIAT

Penal interest on loans advanced to Karnataka Electricity Board

1. G. O No. PWD 7 CLB 73 dated 28th March 1973.
2. G. O. No. PWD 52 EEB 76 dated 27th March 1976.

PREAMBALE :

The above Government orders dealt with the accumulated arrears of unpaid interest of past Government loans to the Karnataka Electricity Board (K E.B.) Having regard to the fact that the K.E.B. was not then in a position to pay such arrears, they were treated as loans, as shown below :

Arrears upto 31st March 1972	...		Rs. 19.11 crores
Arrears of 1972-73 and 1973-74	...	9 78	
Less amounts owed by Government		3.28	Rs. 6 50 crores

2. No penal interest was levied in the above Government orders, again in view of the financial stringency of the Board which had pleaded for the waiver of even the interest on loans. However, Government consider that penal interest is a legitimate financial charge on the resources withheld from Government which would otherwise have reduced Government's liabilities, or would have been invested in printable ventures and is, therefore, of the view that the K. E. B. shall be called upon to pay the same.

3. The quantum of such penal interest has been examined. Government have, in the past, generally fixed it at about 5% of the normal interest. In view of the fact that the normal interest in the earlier years had been fixed at low levels, and also reckoning interest on such unpaid penal interest, it will be appropriate if the current rates of penal interest are adopted for all the past loans.

4. The Accountant General has requested Government to intimate to him the full particulars of the loans in respect of which arrears of interest were capitalised under the above Government orders, the amounts of interest paid/adjusted under the several loans during each year and the period pertaining thereto. The K. E B has stated that the interest adjusted could not be allocated to any particular loan for the reason that only some amounts were paid as and when the surplus permitted, though they did not pertain to those particular years

5. Government do not see any valid reason for not allocating the interest paid/ djusted to specific loans and feel that the particulars equired by the Accountant General can be furnished by making a review of all the amounts and dates of interest paid and interest capitalised.

ORDER No. PWD 213 EEB 78, BANGALORE, DATED 30TH DECEMBER 1978.

After taking all factors into account and in supersession of all previous Government orders in regard to the rates of normal/penal interest, it is hereby ordered that the penal interest on all past Government loans to Karnataka Electricity Board in respect of which interest/loan instalment payable had not been paid in full on or before the last date of the financial year or on such prior date specifically prescribed by Government shall be paid at 4% per annum on the full amount of the outstanding loan during the year.

2. Karnataka Electricity Board is further directed to furnish a full statement of interest due /paid during each year and penal interest due under these orders and paid if any, in respect of each loan, denoting the loans in respect of which arrears of interest had been capitalised in the past.

3 This order issues with the concurrence of the Finance Department *vide* U. O Note No. 7615 (•) dated the 13th December 1978.

By Order and in the name of the Governor of Karnataka,

T. S. GURUSIDDAIAH,
Deputy Secretary to Government.
Public Works & Elecy. Dept. (E&PP)

HEALTH AND FAMILY WELFARE SECRETARIAT

Delegation of Financial Powers to the Director of Medical Education, Bangalore.

READ: —

(1) Government Order No. HMA 175 MSD 76, dated 26th July 1978.
(2) Government Order No. HFW 78 MSD 78, dated 18th November 1978.

PREAMBLE :—

In Government Order dated 26th July 1978 read at item (1) above, sanction was accorded to delegate powers to the officers of the Department of Health and FW services, Bangalore.